

NEWS RELEASE



Office of the Attorney General Robert E. Cooper, Jr.

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BRISTOL-MYERS SQUIBB SETTLES FOR \$389 MILLION TO RESOLVE MEDICAID PHARMACEUTICAL PRICING AND MARKETING ALLEGATIONS

Tennessee will receive \$3.5 million as a result of a federal and multistate settlement with Bristol-Myers Squibb Company (BMS) and its former wholly owned subsidiary Apothecon, Inc., to resolve allegations of illegal drug marketing and pricing of prescription medications.

The settlement with the major drug manufacturer totals \$389 million plus interest and includes claims by 43 states, Washington D.C., the federal government, and the National Association of Medicaid Fraud Control Units.

“This is a significant case,” Tennessee Attorney General Bob Cooper said, “and we hope this will lead to better practices and greater accountability in this segment of the healthcare industry.”

The settlement addresses several cases involving more than a dozen drugs. The allegations are that BMS engaged in a number of improper marketing pricing practices, including:

- *Reporting inflated prices for various prescription drugs knowing that Medicaid and various federal health care programs would use these reported prices to pay for BMS and Apothecon products used by their recipients;
- *Paying illegal remuneration to physicians, health care providers, and pharmacies to induce them to purchase BMS and Apothecon products;
- * Promoting the sale and use of Abilify, an antipsychotic drug, for pediatric use and for treatment of dementia-related psychosis, uses which the federal Food and Drug Administration has not approved; and
- * Misreporting sales prices for Serzone, an antidepressant, resulting in the improper reduction of the amount of rebates paid to the state Medicaid programs.

The settlement reimburses the federal government and the participating states for excessive amounts paid by Medicaid programs as a result of this conduct. As part of the settlement, BMS has also entered into a Corporate Integrity Agreement with the Office of Inspector General of the U.S. Department of Health and Human Services, under which will be required to report

accurately its average sales prices and average manufacturers prices in the future.

This case was handled by the Tennessee Attorney General's Office, the Tennessee Bureau of Investigation Medicaid Fraud Control Unit and the Bureau of TennCare.